

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01

COME-00 DODE-00 EB-07 FEAE-00 FPC-01 H-02 INR-07

INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 SAM-01 OES-03

SP-02 SS-15 STR-04 TRSE-00 FRB-03 SSO-00 NSCE-00

USIE-00 INRE-00 PA-01 PRS-01 CCO-00 /088 W

----- 006091

Z 021925Z MAY 75

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC FLASH 6328

C O N F I D E N T I A L OTTAWA 1651

POUCHED FOR INFO TO ALL AMCONSULS IN CANADA

EO 11652 GDS

TAGS ENRG CA US

SUBJ CANADIAN NATURAL GAS EXPORT PRICE INCREASE

REF OTTAWA 1483 (NOTAL)

1. SECRETARY OF STATE FOR EXTERNAL AFFAIRS MACEACHEN CALLED IN CHARGE AT 1245 P.M. TODAY TO INFORM HIM OF GOC DECISION REGARDING EXPORT PRICE OF NATURAL GAS.

2. MACEACHEN INTRODUCED SUBJECT BY EMPHASIZING THAT CABINET, IN CONSIDERING ISSUE, HAD BEEN FULLY INFORMED ON APRIL 22 BILATERAL CONSULTATIONS AND APRIL 23 REPRESENTATIONS BY AMBASSADOR PORTER. CABINET DECISION, WHICH EMR MINISTER MACDONALD WILL ANNOUNCE SHORTLY, IS FOR "PHASED INCREASED" OF EXPORT PRICE TO \$1.40 PER MCF ON AUGUST 1 AND TO \$1.60 ON NOVEMBER 1.

3. MACEACHEN POINTED OUT THAT NOVEMBER 1 IS ABOUT THE
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TIME WHEN DOMESTIC PRICE INCREASE CAN BE EXPECTED.

RELEVANT TO THIS, HE SAID, WAS ALBERTA ARBITRATION DECISION (SEE OTTAWA 1635) FOR INCREASE IN WELLHEAD PRICE TO \$1.15 PER MCF WHICH WOULD MEAN TORONTO CITY GATE PRICE OF ABOUT \$1.65. HE NOTED, HOWEVER, THAT THIS PRICE MAY NOT TAKE EFFECT AND THAT ACTUAL DOMESTIC PRICE WILL BE SUBJECT OF NEGOTIATIONS WITH PROVINCES AND REGULATORY AUTHORITY PROVIDED BY PETROLEUM ADMINISTRATION ACT.

4. MACEACHEN SAID HE HOPED GOC DECISION WOULD BE VIEWED AS "GOOD FAITH EFFORT" ON GOC'S PART TO TAKE INTO ACCOUNT U.S. CONCERNS AS EXPRESSED IN CONSULTATIONS AND BY AMBASSADOR PORTER. GOC RECOGNIZES PROBLEMS ON U.S. SIDE BUT HAS TO FACE POLITICAL REALITIES ON ITS SIDE AS WELL. "WE'LL GET HELL FROM BRITISH COLUMBIA FOR THIS DECISION BUT WE ARE PREPARED TO ACCEPT IT." MACEACHEN SAID HE WOULD BE DISAPPOINTED IF THIS "ACCOMMODATION" DID NOT AMELIORATE PUBLIC REACTION IN U.S.

5. MACEACHEN SAID THAT, LOOKING AHEAD, GOC WOULD LOOK FORWARD TO CONTINUING CONSULTATIONS ON ENERGY. IN RESPONSE TO QUESTION WHETHER HE HAD ANYTHING SPECIFIC IN MIND, BEARING IN MIND REQUEST AMBASSADOR PORTER HAD PUT FORWARD FOR MINISTERIAL LEVEL CONSULTATIONS ON PRICE AND SUPPLY, MACEACHEN SAID THERE WOULD BE NO POINT IN CONSULTATIONS ON PRICE SINCE DECISION TAKEN BUT THAT MACDONALD HAS JUST RECEIVED NEB REPORT ON SUPPLY AND ONCE THIS IS DIGESTED GOC WILL CONSIDER HOW TO CONSULT WITH USG ABOUT IT. PAM MCDUGALL, WHO WAS PRESENT, POINTED OUT THAT THIS "WON'T HAPPEN OVERNIGHT" BECAUSE CONSIDERATION OF NEB REPORT WILL NOT ONLY BE INTERNAL IN GOC BUT ALSO WITH PROVINCES WHICH HAVE DIFFERING INTERESTS.

6. MACEACHEN SAID CABINET DECISION HAD BEEN PUT IN MESSAGE FROM PM TRUDEAU TO THE PRESIDENT FOR DELIVERY AT WHITE HOUSE TODAY.

7. SUBSEQUENT TO MEETING, EXTAFF (SHORTLIFFE, USA DIVISION) TELEPHONED CHARGE TO REPORT THAT PRESENT PLAN IS FOR CONFIDENTIAL

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MACDONALD TO ANNOUNCE DECISION ON MOTIONS IN HOUSE OF COMMONS MONDAY AFTERNOON MAY 5. SHORTLIFFE ADDED THAT THIS DID NOT GUARANTEE THAT MACDONALD WOULD NOT RELEASE INFO EARLIER. JOHNSON

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Message Attributes

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Draft Date: 02 MAY 1975
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Disposition Approved on Date:
Disposition Authority: ElyME
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Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Source: CORE
Document Unique ID: 00
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Enclosure: n/a
Executive Order: GS
Errors: N/A
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